

Microsoft's Significant Investment in Business Applications



- \$2.5B acquisition investment
- 1,700 R&D staff
- \$2B annual SMS&P investment
- 20 years business applications experience
- Established partner ecosystem (6,000)

Microsoft Business Solutions, ISVs and Partners Equipped to Serve a Broad Market

Enterprise

US \$17B WW Business Applications Revenue*
2,065 WW Entities**

Microsoft Strategic
ISV Partnerships

Corporate

US \$3B WW Business Applications Revenue*
16,660 WW Entities**

Underserved
TCO too high

Midmarket

US \$8.6B WW Business Applications Revenue*
373,336 WW Entities**

Fragmented
No clear
global leader

Small Business

\$3.2B WW Business Applications Revenue*
39,321,670 WW Entities**

Underserved
Narrow footprint

Target
Market

* Source: Microsoft internal estimates, Feb. 2003

** Source: Microsoft internal calculations based on IDC, Gartner, McKinsey

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Roadmap: Towards Single Integrated Suite

2006

Integrated Surveys with Longhorn Integration

2005

Next Gen Application Footprint Expansion

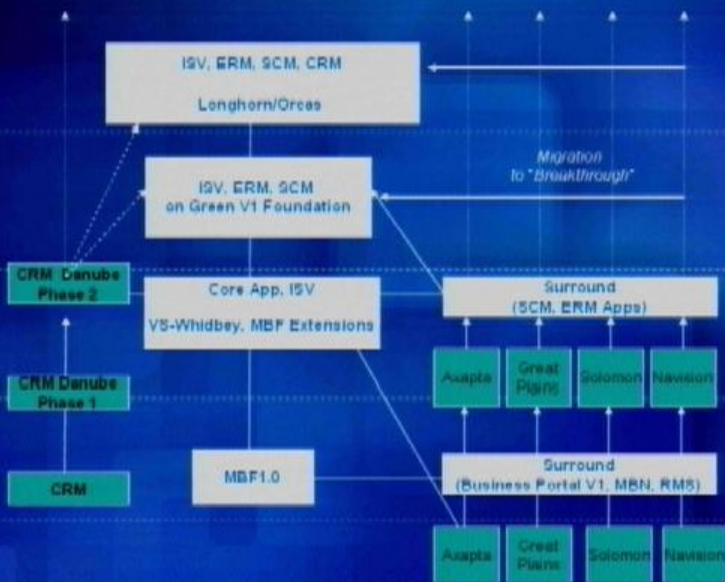
2004

Foundation

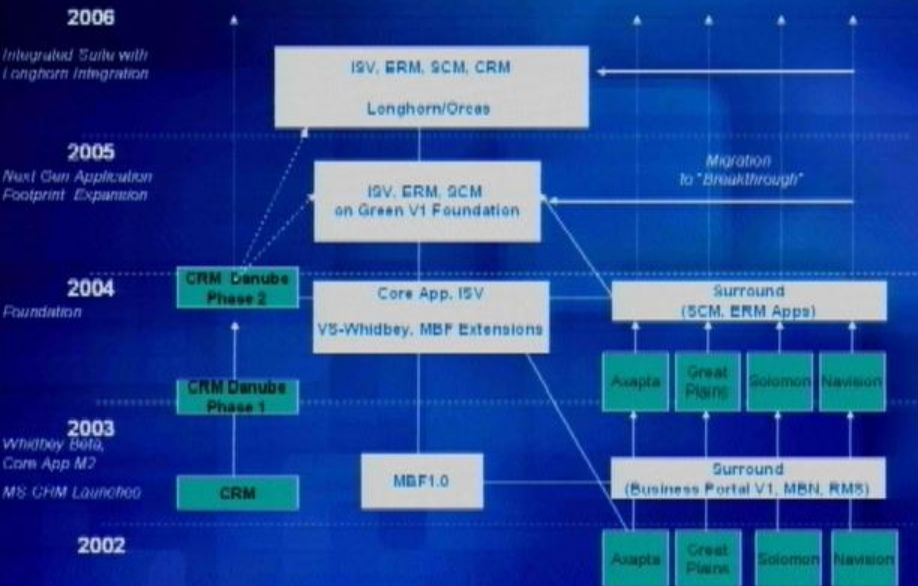
2003

Whitney Bola,
Core App M2
MS CRM Launches

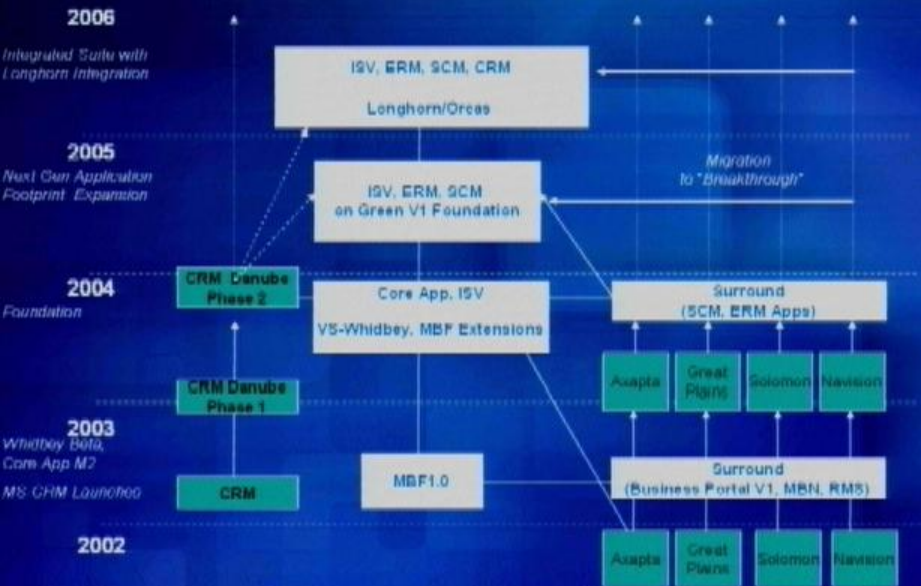
2002



Roadmap: Towards Single Integrated Suite



Roadmap: Towards Single Integrated Suite



Challenges

- **Moving to a suite**
 - Current and New Gen
 - Loosely-coupled, web services architecture
 - Pluggable components
 - Business object layer
 - Service, business, and software taxonomies
- **UI that integrates business processes with ad hoc collaborations**
- **Supply chain planning algorithms/RFID**

ISV Platform Investment


Significant, Proprietary, Limited Customer Value

GREAT PLAINS	Solomon	NAVISION	Axapta	ISV A
Domain Biz Logic	Domain Biz Logic	Domain Biz Logic	Domain Biz Logic	Domain Biz Logic
Common Biz Logic	Common Biz Logic	Common Biz Logic	Common Biz Logic	Common Biz Logic
Proprietary Application Platform: "Dexterity"	Proprietary Application Platform	Proprietary Application Platform	Proprietary Application Platform	Proprietary Application Platform
	VB			VB
SQL Server	SQL Server	SQL Server	SQL Server	SQL Server
Windows	Windows	Windows	Windows	Windows

Business applications are sophisticated

Extreme complexity for a mid sized company

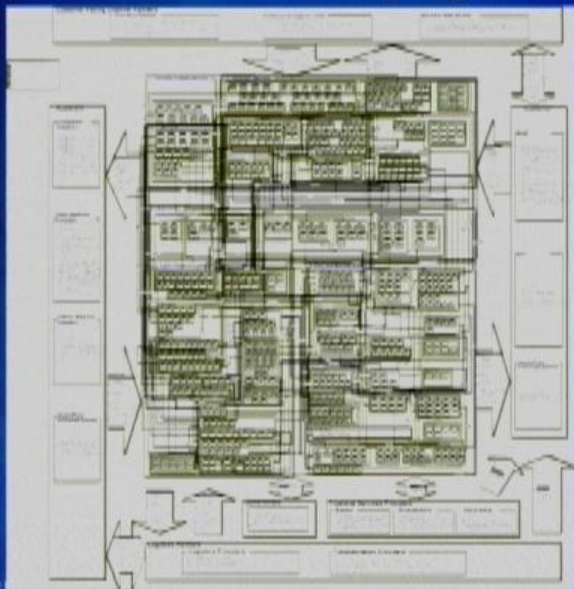
782+
Inter-
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business
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company



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Extreme complexity for a mid sized company

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Inter-
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Source: Accenture

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Green and the Business Framework

The Platform for ISV Innovation

Facilities business logic for:

- LRM • SCM
- CRM • PSA

Goal: Business components and schema become the industry standard

Business Framework (MBF) focused on needs of business application developers providing a stable long-term foundation for domain logic.

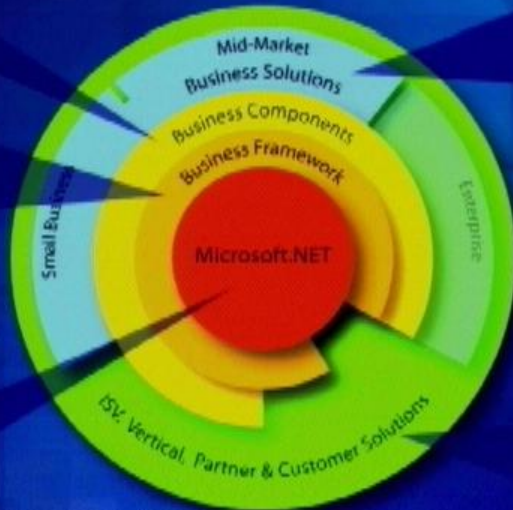
includes
Tools, Services, Entities,
Common Logic, Patterns,
Data types and More

Goal: 1000s of business application developers

Platform fully leverages the core value of the .NET Framework and Tools

Goal: Partners become the showcase for .NET technology and the .NET vision for BUSINESS

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Uncover breakthrough interconnected business solutions:

- Single Worldwide Product Suite
- Employee Productivity
- Connecting 1000's of Partners
- Customization & Development Flexibility
- Custom Fit Software at Off-the-shelf Prices

Goal: Platform leadership for Business Application World-wide

Extensive vertical solutions and custom functionality essential to gain traction

Rich customization capabilities support ISVs, Partners and Customers

Goal: Enable business application developers to build the highest value customer solutions

Green Design Pillars

**Single
Worldwide
Product Suite**



**Single Global
Code Base
(ERM, CRM,
SCM), truly
integrated
with common
schema**

**Employee
Productivity**



**Familiar, rich
user experience,
out-of-the-box
reporting
and analytics**

**Connects 1000s
of Partners**



**Web services,
Self Service,
Partner
Networks**

**Customization &
Development
Flexibility**



**Metadata
driven design,
Integrated
Developer
Experience,
Customization,
Configuration,
Workflow**

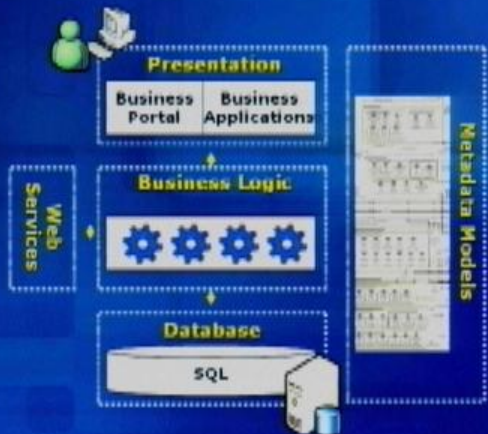
**ISV
Enablement**



**Custom-fit
software at off-
the-shelf prices,
Extend, Embed,
Connect**

Green Architectural Foundations

Architecture Supports Design Pillars



Green Architectural Foundations

Architecture Supports Design Pillars

Employee
Productivity



Familiar, rich user
experience,
out-of-the-box
reporting
and analytics



Presentation

Business
Portal

Business
Applications

Web
Services

Business Logic



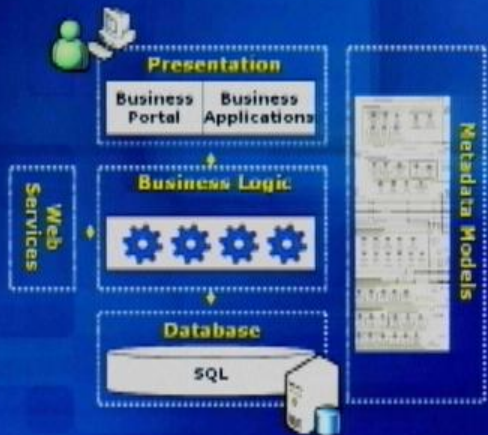
Database

SQL

Business Models

Green Architectural Foundations

Architecture Supports Design Pillars



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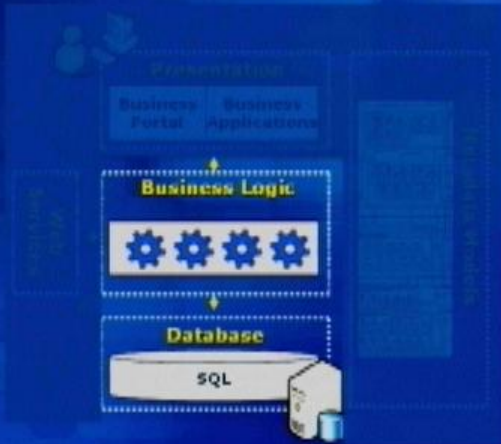
Green Architectural Foundations

Architecture Supports Design Pillars

Single
Worldwide
Product Suite



Single Global Code
Base (ERM, CRM,
SCM), truly integrated
with common schema



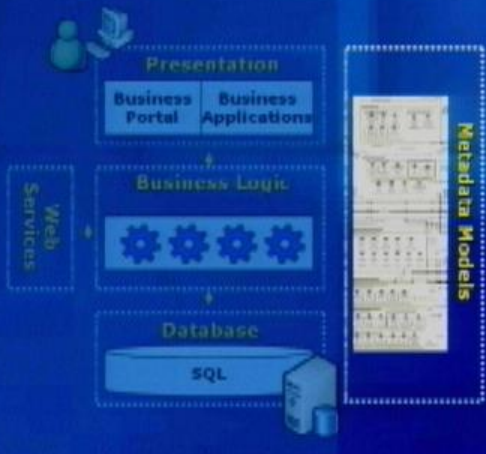
Green Architectural Foundations

Architecture Supports Design Pillars

Customization &
Development
Flexibility



Metadata driven
design. Integrated
Developer
Experience.
Customization.
Configuration.
Workflow



Green Architectural Foundations

Architecture Supports Design Pillars

Connects 1000s
of Partners



Web services,
Self Service,
Partner
Networks

Web
Services



Single World-wide Product Suite

Version 1 application modules

Single World-wide Product Suite

Version 1 application modules

**Business
Framework**

Financials

Distribution


**Project
Accounting**



Single world-wide product suite

Reusable Components enables a single code base

- Common Data Types

- 
- Money with Currency
 - Quantity with Unit of Measure

- Common Entities

- Common Patterns

- Globalization

Single world-wide product suite

Reusable Components enables a single code base

• Common Data Types

- Money with Currency
- Quantity with Unit of Measure

• Common Entities

- Common entities - customer, vendor, product, item, location, etc...
- Organizational structures

• Common Patterns

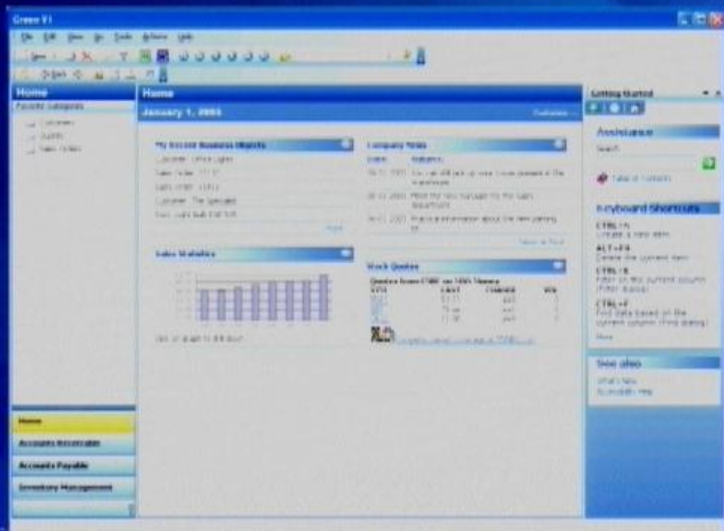
- Process and document lifecycle
- Effective date of change
- Next document number

• Globalization

- Multi-lingual
- Multi-currency
- Taxation: Goods and Services Tax, other value-added taxes

Employee Productivity

Rich Client Experience



Employee Productivity

Rich Client Experience

Familiar Look & Feel

Unified Search

Getting Started
Task Pane

Personalized
Home Page

Easy access to
User
Assistance:
Table of
Contents,
Search for help

Favorite
Categories

Application
Navigation

UI Parts
with drill-
down
capabilities

Keyboard
Shortcuts
with drill-down to
entire list

Employee Productivity

Rich Client Experience

Export filtered data to Excel by the click of a button

Flexible List Views

Refresh data directly from Green

Transaction list

Voucher	Date	Invoice	Status	Amount currency	Balance	Currency
00001_088	11-01-2002	00001_088	None	125.00	460.00	EUR
00002_088	31-01-2002	00002_088	None	462.50	462.50	EUR
00003_088	11-02-2002	00003_088	None	125.00	125.00	EUR
00007_CPA	26-02-2002	00004_088	None	125.00	110.00	EUR
00004_088	11-03-2002	00005_088	None	125.00	125.00	EUR

Microsoft Excel Enterprise Edition - Book1

Customer transactions

	Voucher	Date	Invoice	Status	Amount currency	Balance	Currency
3	00001_088	11-01-2002	00001_088	None	125	460	EUR
4	00002_088	31-01-2002	00002_088	None	462.5	462.50	EUR
5	00003_088	11-02-2002	00003_088	None	125	125	EUR
6	00007_CPA	26-02-2002	00004_088	None	125	110	EUR
7	00004_088	11-03-2002	00005_088	None	125	125	EUR

Ready CAPS NUM

Connects 1000s of Partners

XML connects businesses



Connects 1000s of Partners

Streamline collaborations

Connects 1000s
of Partners



Web services,
Self Service,
Partner
Networks

Streamlined collaborations: fully integrated

- Automatic connection with partners and customers
- Portal, email, XML and EDI built in
- Enables 100% automated network of customers and suppliers

Metadata-driven: integrate powerfully and seamlessly

- Centralized partner management
- Share transactions, processes, exceptions, documents
- Builds on existing application investment

Connects 1000s of Partners

Streamline collaborations

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Web services,
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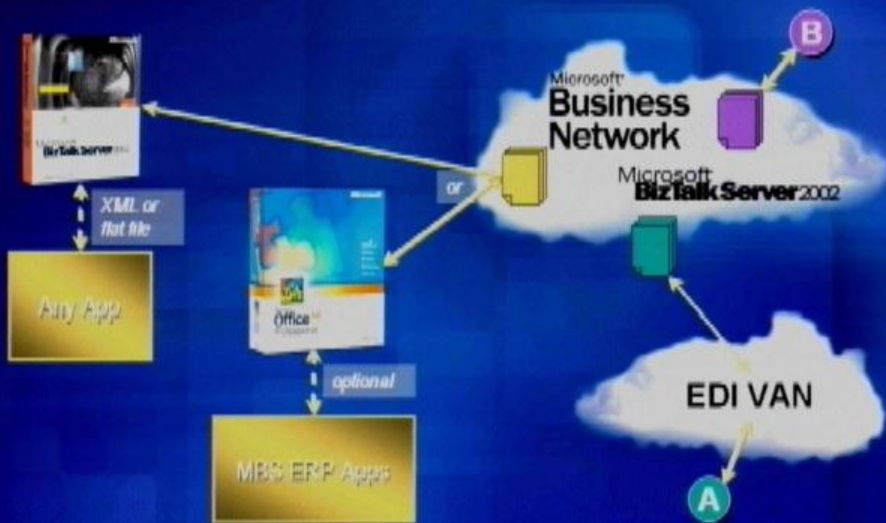
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Connects 1000s of Partners

Microsoft Business Network Architecture



Business Logic Elements

- **Common Data Types**

- 
- Money with Currency
 - Quantity with Unit of Measure

- **Common Entities**

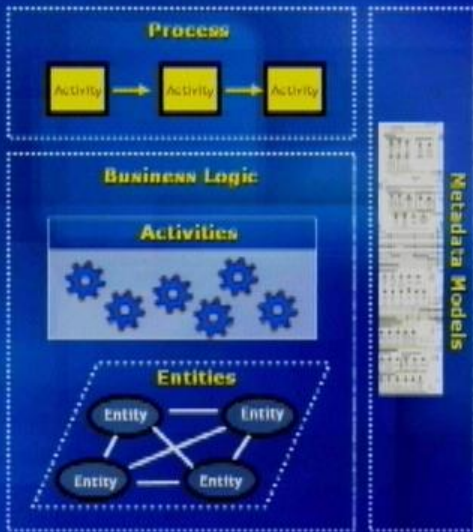
- **Common Patterns**

- **Globalization**

Programming Model

Programming Model \ Business Logic Structure

- **Entities Represent Data \ Objects**
Customer, Vendor, Item...
- **Activities Represent Operations on Data**
PostInvoice, AllocateInventory,...
- **Process Strings Together Activities**
Quote to Cash...



ISV Enablement

Green Version 1 ISV Release Schedule

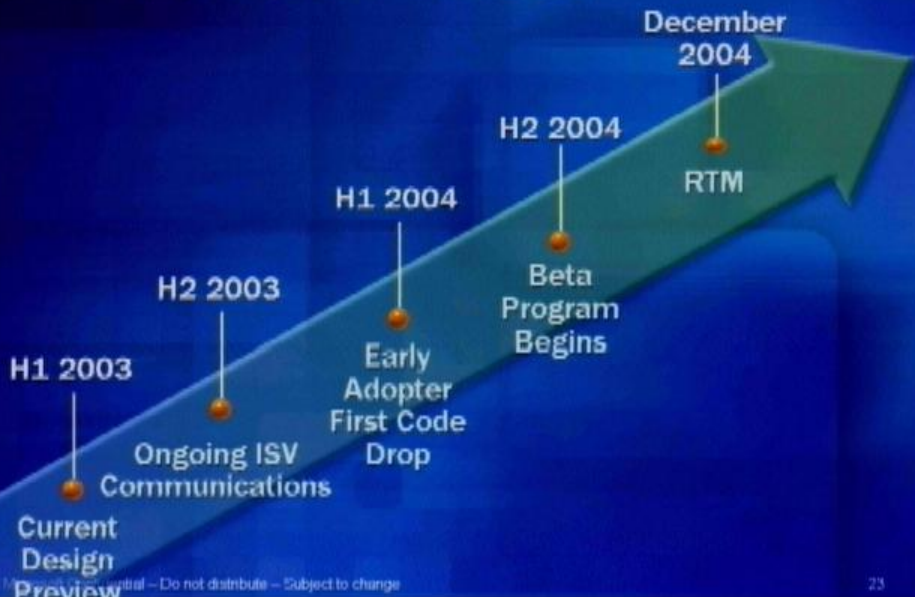
H1 2003

Current
Design
Preview

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ISV Enablement

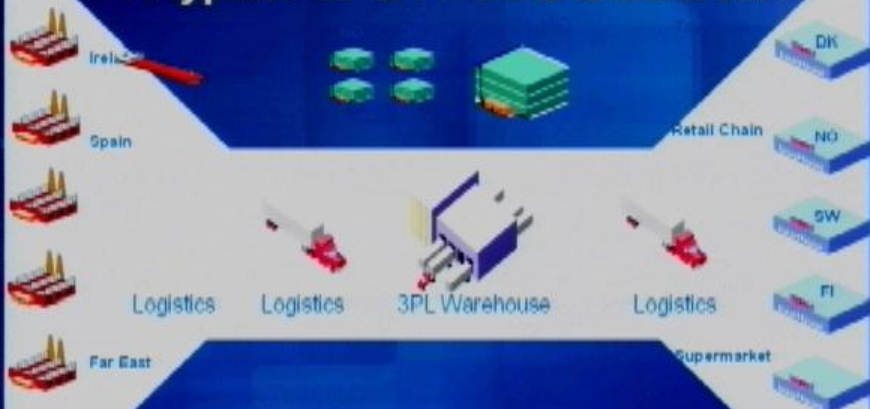
Green Version 1 ISV Release Schedule



Supply Chain Issues

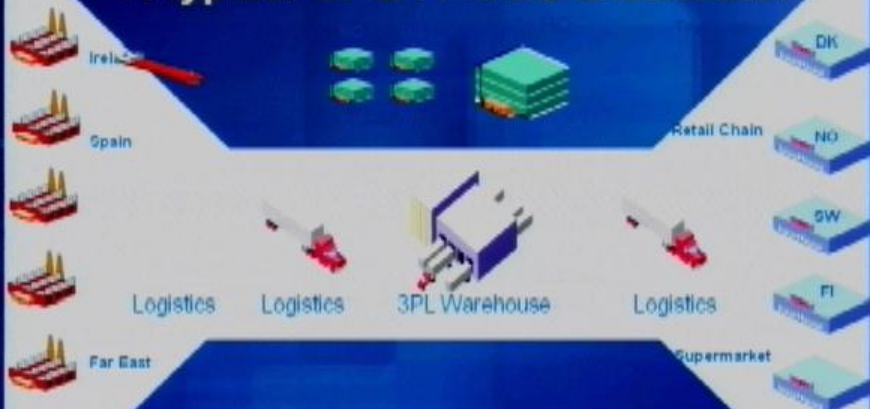
Hasbro Nordic

A typical CPG / FMCG Distributor



Hasbro Nordic

A typical CPG / FMCG Distributor



Hasbro Nordic

A typical CPG / FMCG Distributor



Ireland



DK



Product & Industry

- Branded toys & games
- Very fashion related (movies, fashion trends)
- Seasonal industry: +60% of total rev. in one Qtr.
- Short product lifecycle: +60% turn Y-o-Y
- Long product leadtime: 3-6 months

Customers

- Toy stores, Department Stores, Supermarkets
- GC masters – high demands on flexibility, serviceability etc

Suppliers

- +60% Far East (subcontracting)
- Mom & pop shops + larger manufacturers
- 3PL WH & Transportation partner (outsourcing)

Facts n' Figures

Revenue ('97)	42 MUSD
SC cost	8.3% of sales
Employees	45 (8 in SC)
Emp. in 3PL DC in SW	25

	Low / mth	Peak / mth
Orders	58	7,500
Order lines	1,200	55,000
Split lines	1	5,070
In/out	7,900 cft	168,000 cft
Storage	1,700 CBM	5,700 CBM
Shipments	66	9,200
FTLs (60m3)	3	100

NO

3W

FI



Hasbro Nordic

/ FMCC Distributor

Visibility

Lack of information about exceptions in the SC

- Lack of timely info. about changes/problems in the SC
 - Orders, Shipments, Products
 - Delays, Disruptions, Changes

→ we only know when things was too late to change / affect

Visibility

Incorrect base data in systems

- Vendors constantly changed details without notifying us
 - barcodes, dimensions, product mix
- Old, inefficient, non-integrated, home-grown systems
- Buildup of tons of workarounds in HRM and HRG to catch errors

Planning

Inefficient tools for Planning Demand and Cap.

- No historical information
- No tracking of changes to plans (especially item sales events)
- No benchmarking of accuracy of forecasts
- No ways of capturing special events – campaigns, etc.
- Clumsy tools to maintain planning spreadsheets

Execution

No tools to handle special situations – one off's

- Lack of tools to help find alt. suppliers due to critical situations
 - breakdowns, marketing campaigns, shipments

Execution

Need to Manage & Control SC partners

- Constant follow-up and checks to ensure things run according to schedule – to build trust and confidence throughout the organization
- Lack of standardized performance/status templates and tools for following up on the partners

- Poor customer service
- The wrong products at the wrong time / high scrap / re-age
- Long lead times & high inventory costs
- Resource intensive firefighting and huge exception costs

- Poor customer service (we knew when cust. complained)
- Resource intensive firefighting and huge exception costs

- Poor customer service
- Wrong products at the wrong time / high scrap / re-age
- High inventory costs
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PL Warehouse

Logistics

- Resource intensive firefighting and huge exception costs
- No knowledge about "best buy" suppliers (price, quality, etc. levels)
- Lack of full insight about alt. suppliers (located abroad etc.)

- Constant follow-up and checks to ensure things run according to schedule
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- Resource intensive control mechanisms

Hasbro Nordic

/ FMCC Distributor

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iPL Warehouse

Logistics

• Resource intensive firefighting and huge exception costs

- No knowledge about "best buy" suppliers (price, quality, etc levels)
- Lack of "full" insight about alt. suppliers (local/regional/global)

• A lot of nagging w. partners about performance

- Resource intensive control mechanisms

The Scenarios

Key Pain Areas

Visibility

- Lack of info. about exceptions in the SC
- Inventory Management
- Garsten Særemen

Visibility

- Incorrect base data in systems
- Auto-ID (RFID)
- Olav Kjørstrup

Processes Affected

Roles Involved

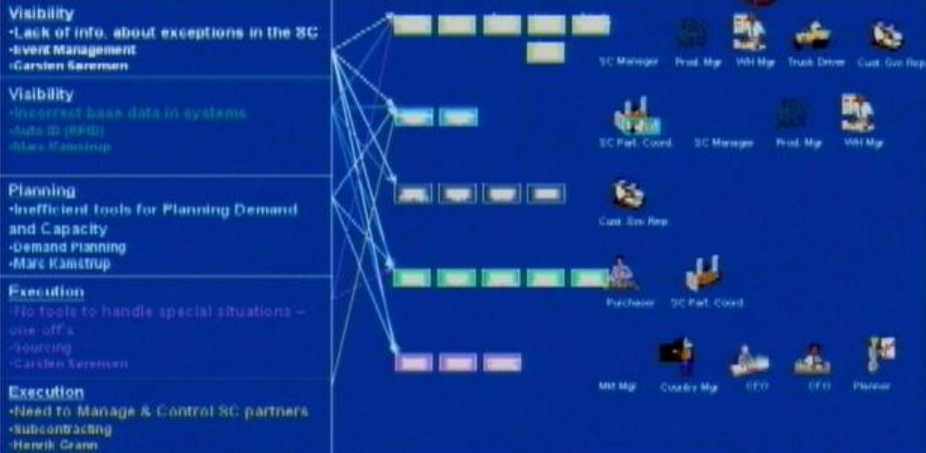


The Scenarios

Key Pain Areas

Processes Affected

Roles Involved



Q&A

The Scenarios

Key Pain Areas

Processes Affected

Roles Involved

